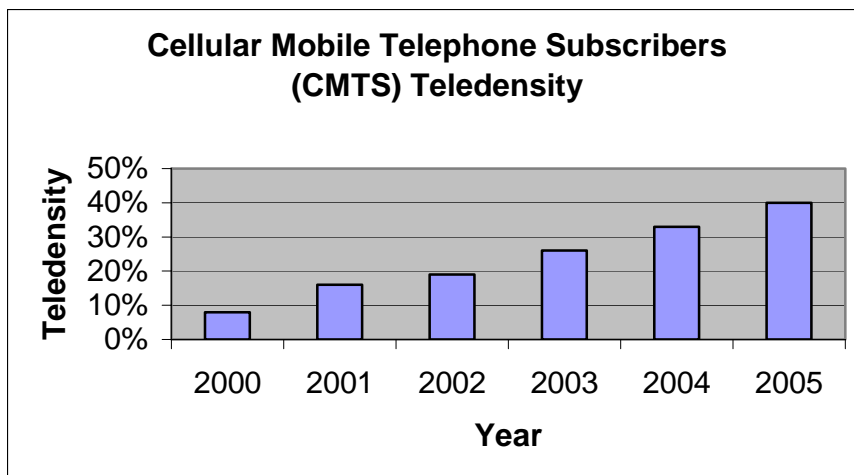
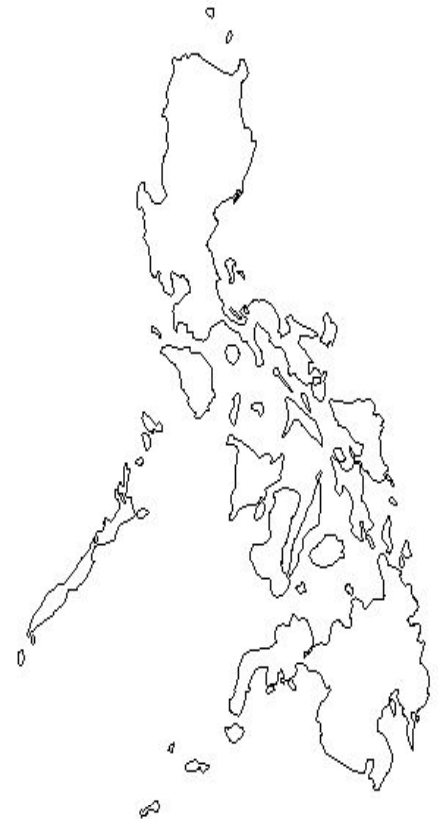
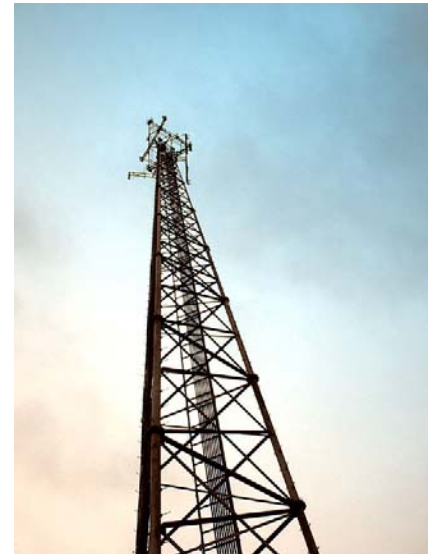




# TELECOM EQUIPMENT AND SERVICES

## Market Overview

- Cellular Mobile Telephone Systems (CMTS) **subscribers** grew **70%** in 2003 to **22.5 million**.
- **11.5 million** subscribers will be added in **2004-2005**.
- CMTS carriers are currently **expanding cell sites** outside of Metro Manila.
- The Philippines is the **world leader in the Short Messaging Service (SMS)** market. Carriers process more than **200 million** text messages per day.
- Philippine market is **piloting cell-phone based financial transactions**, such as sending of remittance payments over wireless networks.
- Cellular phone service providers are **100 percent dependent on imported equipment and technology** to expand and upgrade networks.



# Technology Standards and Competition

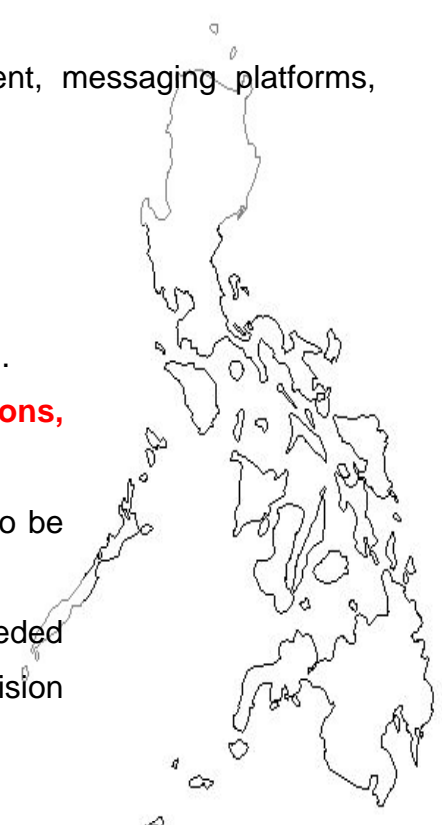
- **GSM** (Global System for Mobile Communications) and **GPRS** (Global Packet Radio System) are current cellular technology standards.
- European technology suppliers dominate base station and switches market, but **W-CDMA** (Code Division Multiple Access) is expected to be the **third generation standard**, and new suppliers are jockeying to capture base station changeover market.
- American technology and hardware providers continue to perform well in the **router, transmission and switches markets**, as well as in voice-messaging networks, though text messaging dominates the marketplace.
- Foreign suppliers can import directly to the Philippine market, but most designate a local supplier.
- Service providers **expect discount pricing and strong service support** from technology and equipment providers. Equipment providers frequently arrange **project financing**.

## Principal Sub Sectors

- **Network Hardware**, including cell sites, base stations, mobile switching equipment, antennas, cables, transmitters, rectifiers, batteries, GSM repeaters and terminals and microwave links.
- **End User Hardware**, including handsets with increased functionality, particularly texting functionality
- **Network tools**, to improve network management, voice management, messaging platforms, subscriber analysis and billing systems.

## Commercial Opportunities

- **Aggressive network expansion** by service providers will drive demand.
- Service providers will seek **solutions to strengthen network operations, integration, applications and services**.
- Across the cellular sub markets, **demand for hardware** will continue to be high, from cell site hardware to end-user hardware.
- For the growing middle and high end-user market, solutions will be needed to accommodate **high-speed data content and messaging** (e.g. provision of financial services, such as sending of remittances.)



Learn more about how we promote U.S. products and services in the Philippines by visiting our website at [www.BuyUSA.gov/Philippines](http://www.BuyUSA.gov/Philippines) or by contacting Commercial Attaché Brent Omdahl at [Manila.Office.Box@mail.doc.gov](mailto:Manila.Office.Box@mail.doc.gov).